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CANADA

OPERATING RESULTS
AND
FINANCIAL STRUCTURE RETAIL FOOD STORES
1954

(Independent)



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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I—Wholesale Statistics

- A—Wholesale Trade, 25¢
- *B—Operating Results of Food Wholesalers, 25¢
- *C—Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D—1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
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The reports are punched to permit of filing in a ring binder.

*Biennial reports—not issued for 1954.

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DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — Payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit", and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES 1954

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining these series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation

of costs. Where capital is limited, as is often the case in a newly established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail food stores. Separate figures are given for:

1. Grocery stores
2. Combination meat and grocery stores
3. Meat markets
4. Fruit and vegetable stores
5. Confectionery stores

There are analyses of:

1. profit and loss statements
2. balance sheet statements

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories.

Balance sheet data, which was introduced in 1948, is continued in this 1954 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales, than was possible when all fixed assets of the proprietor were reported as one item.

COMPARISON OF MAIN ITEMS BY TRADES

Independent food stores operated on wider gross margins in 1954 than in 1952 with the exception of confectionery stores. This increased mark-up was entirely offset by higher operating expenses, most evident in salaries and occupancy expenses. Again, the exception was in confectionery stores; however, the decrease in gross profit or margin was greater than in operating expenses so that net operating profit was lower than in previous years.

The other four trades under review showed practically no change in ratios of net operating profit in 1954 as compared with 1952.

Net operating profits, expressed as percentages of net sales, have declined consistently over the last ten years in most food trades but with smaller changes apparent in the last four years.

Average Gross and Net Profits – Historical Summary by Trades

Year	Grocery		Combination		Meat		Fruit and Vegetable		Confectionery	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
(Per cent of net sales)										
1938	16.0	4.5	17.4	4.1	22.4	5.6				
1941	15.2	5.7	16.9	5.2	—	—	(Not available)			
1944	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5
1950	14.4	5.2	14.9	4.1	16.1	5.0	17.5	5.9	18.2	7.5
1952	13.8	5.2	14.6	4.1	17.5	6.1	17.5	5.6	18.8	7.5
1954	14.3	5.2	15.4	4.1	18.6	6.0	18.1	5.6	17.4	6.7

Average Inventories and Stock Turnover – Historical Summary by Trades

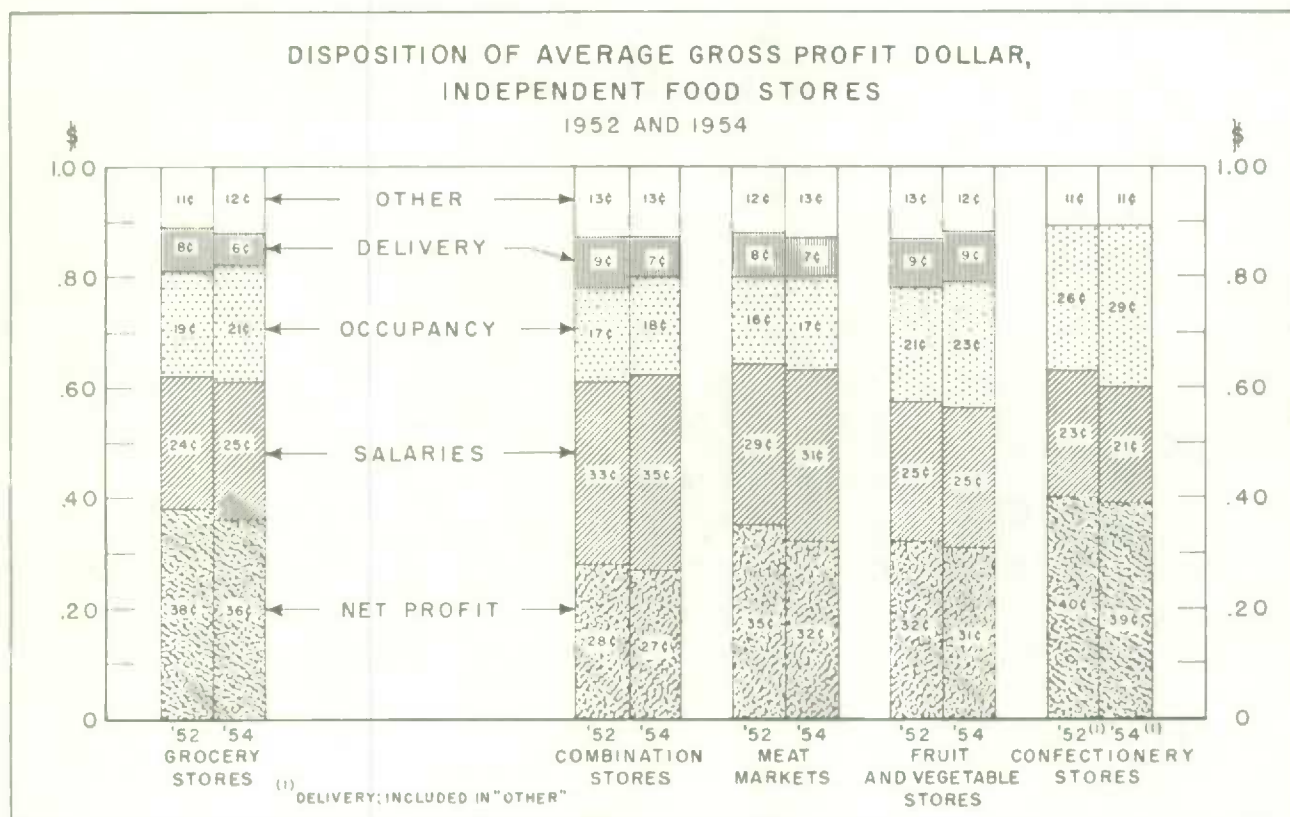
Year	Grocery			Combination			Meat		
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹
	\$	\$		\$	\$		\$	\$	
1938	2,570	2,472	9.9	2,275	2,265	13.0	732	732	31.0
1941	2,636	2,979	7.9	2,046	2,324	13.0	(Not available)		
1945	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4
1950	3,528	3,906	10.9	4,453	5,141	13.9	1,130	1,305	43.4
1952	3,947	3,956	10.1	5,298	5,104	13.8	1,521	1,365	39.1
1954	4,040	4,190	10.8	5,437	5,571	14.1	1,514	1,518	39.7
	Fruit and Vegetable			Confectionery					
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹			
	\$	\$		\$	\$				
1945	1,212	1,283	25.2	970	1,030	15.3			
1946	1,278	1,418	24.6	1,117	1,352	13.0			
1948	1,682	1,868	19.2	1,410	1,487	12.1			
1950	1,912	2,152	18.8	1,771	1,948	11.3			
1952	2,426	2,481	18.4	1,985	2,061	12.0			
1954	2,378	2,398	17.7	2,128	2,149	12.1			

1. Times per year.

With the exception of fruit and vegetable stores, the dollar volume of average inventories has steadily risen over the last several years. Part of this increase might be attributed to price changes. In all cases inventories on hand at the end of the year were at a higher level than at the beginning of the year.

Based on the average of beginning and year-end inventories, stock was sold and replaced at a more

rapid rate during 1954 than during 1952, again with the exception of fruit and vegetable stores. Meat markets, because of the perishable nature of the commodities handled, continue to show a much higher rate of stock turnover at 39.7 times than the other trades. Grocery stores, handling more stable lines of goods, experienced the lowest rate of stock turn at 10.8 times per year.



The chart showing the disposition of the average gross profit dollar for each of the five food trades surveyed, is a valuable standard to which firms within each specific trade might compare their results. Differences arising from such comparisons are more apparent than if percentage ratio of costs and profits to sales were used as the standard or basis of comparison. However, because the number of gross profit dollars varies considerably between trades, there is no common basis for reliable inter-trade comparisons of average gross profit dollar components. As an example, combina-

tion stores operated with a larger sales' volume than did confectionery stores thereby requiring a smaller mark-up to obtain a reasonable net profit. By comparison it can be noted that combination stores in 1954 retained only 27 cents of their average gross profit dollar as net profit, whereas confectionery stores retained 39 cents. There is no justification to assume from this comparison that confectionery stores realized a greater net profit than did combination stores. Inter-trade comparisons should be made with items expressed as proportions of their respective sales.

FINANCIAL STRUCTURE

Balance sheet data have been collected from 1948, with some improvements made in 1950. Various operating ratios can be made from tabular data shown under the separate trades on subsequent pages of this report. Averages are shown here in

summary for owned and rented stores separately and represent only stores in the \$20,000 and over annual sales volume categories. Reference should be made to page 6 for definitions of these ratios.

Balance Sheet Ratios Independent Retail Food Stores, Owned and Rented, Comparison made as at December 31st

(Average of firms with net sales \$20,000 and over)

Item		Grocery stores	Combination stores	Meat markets	Fruit and vegetable stores	Confectionery stores
Owned						
Current ratio	1948	2.65	2.18	2.36	2.45	3.28
	1950	2.88	2.40	2.04	4.12	2.34
	1952	3.90	2.68	2.76	5.27	2.74
	1954	3.30	2.40	2.43	2.80	2.54
Liquidity ratio	1952	1.98	1.43	2.21	3.21	1.17
	1954	1.64	1.20	1.88	1.75	1.07
Working capital to net worth ratio	1948	0.43	0.36	0.26	0.24	0.42
	1950	0.44	0.40	0.26	0.31	0.35
	1952	0.51	0.44	0.33	0.36	0.28
	1954	0.44	0.41	0.32	0.28	0.28
Worth debt ratio	1948	2.94	2.56	3.13	3.33	2.70
	1950	2.78	2.08	2.22	4.55	1.96
	1952	3.36	2.31	3.12	4.76	2.49
	1954	2.91	1.90	2.06	3.21	2.92
Turnover of total capital employed	1952	3.56	4.00	3.92	4.10	3.04
	1954	3.24	3.89	3.99	3.95	3.02
Rented						
Current ratio	1948	2.90	2.47	2.13	2.84	2.93
	1950	2.94	2.33	1.94	2.48	3.37
	1952	2.97	2.37	2.47	2.69	3.43
	1954	3.01	2.41	2.33	2.66	2.18
Liquidity ratio	1952	1.36	1.22	2.00	1.36	1.77
	1954	1.37	1.24	1.88	1.17	0.93
Working capital to net worth ratio	1948	0.71	0.60	0.49	0.63	0.59
	1950	0.67	0.53	0.46	0.43	0.60
	1952	0.64	0.53	0.56	0.55	0.47
	1954	0.64	0.55	0.43	0.55	0.41
Worth debt ratio	1948	2.27	2.17	2.04	2.63	2.70
	1950	2.22	1.89	1.59	2.56	3.23
	1952	2.19	1.67	2.15	2.64	2.64
	1954	2.48	1.81	2.11	2.36	1.95
Turnover of total capital employed	1952	5.41	6.23	7.53	8.23	5.40
	1954	5.59	6.20	6.58	7.46	6.41

These ratios are derived from the firms reporting in the designated years, not necessarily from identical firms throughout the series. Some ratios have only been compiled for two years, others for four years, biennially from 1948.

The current ratio of all trades has remained in a favourable position in excess of 2 to 1, that is \$2.00 of current assets for each \$1.00 of current liabilities. Grocery stores especially show a strong current ratio in both the owned and rented categories.

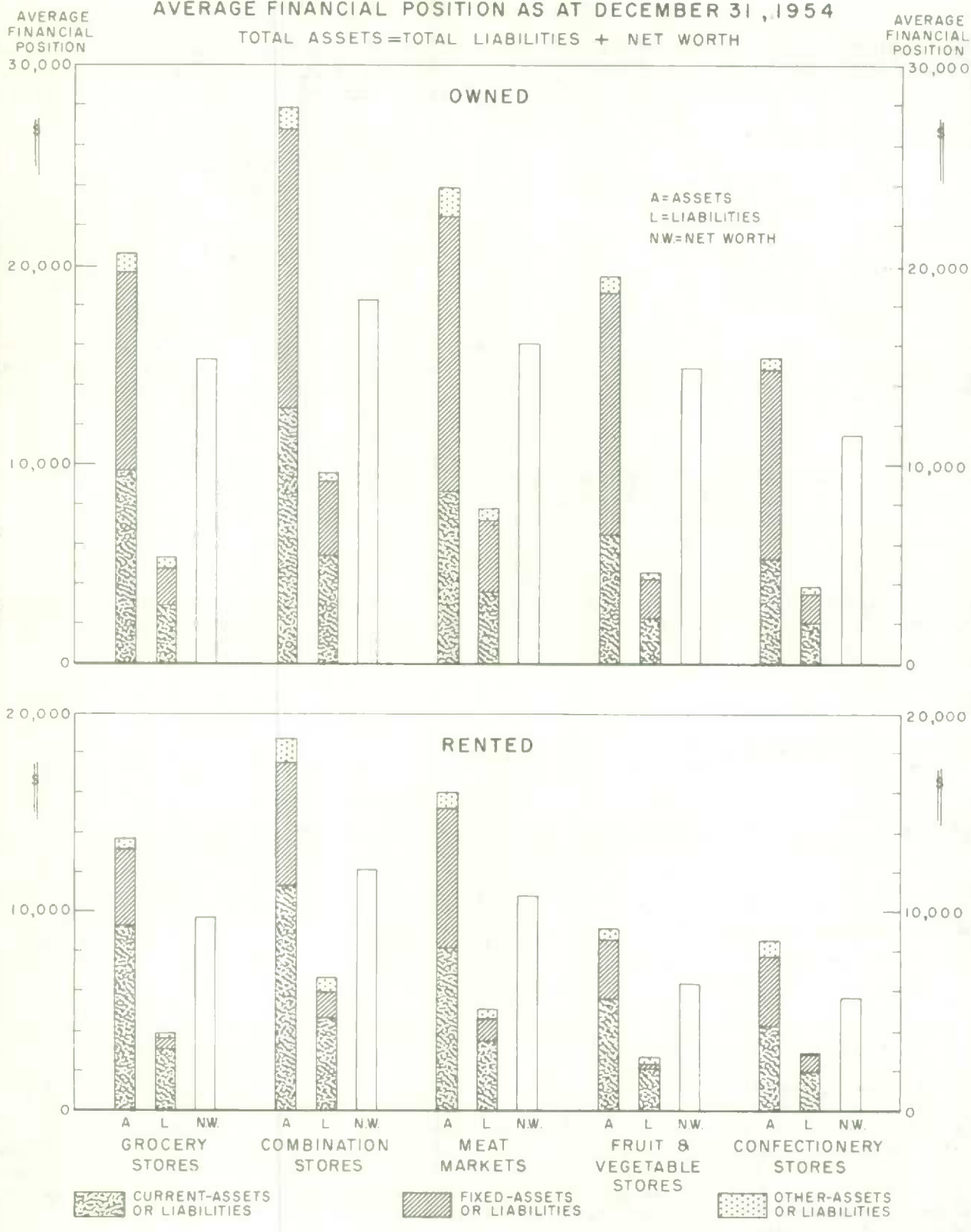
The liquidity ratio, a test of credit strength of a business, remained above the standard position of \$1.00 readily converted assets for each \$1.00 of current liabilities in all cases except confectionery stores operated from rented premises.

Other ratios, both in trade comparisons and yearly within trades, are seen from the above table.

COMPARISON OF FINANCIAL STRUCTURE BY TRADE

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1954

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



Independent Grocery Stores

Only retail establishments selling mainly a general line of groceries were used in this report, providing fresh meats did not exceed 15% of total net sales.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 702 questionnaires were used in the tabulation for the profit and loss averages and ratios (419 owned and 283 rented stores).

Returns on which balance sheet data were properly completed numbered 456. This represents a slight decrease from the number reporting in 1952. Some store classification changes take place between the years which may partly account for this decrease. The addition of fresh meats in excess of 15%, for instance, would place a store in the combination (grocery and meats) classification.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business is presented.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total grocery store sales. To obtain ratios for total

all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, increased in 1954 to 14.38 per cent from 13.88 in 1952; increases were registered, in some varying degree, for all operating expenses except delivery. In 1954, total expenses climbed to 8.73 per cent from 8.01 for 1952. The increase in operating expenses more than offset the increase in gross profit with the result that net operating profit showed a decrease from 5.87 per cent in 1952 to 5.65 per cent in 1954.

A general increase in inventories during the year is quite noticeable except in the size "under \$10,000" sales for owned stores where a decrease in inventories occurred.

The rate of stock turnover progressively increases according to the sales-sizes for both owned and rented stores.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent grocery stores, 1954.

Operating Results of Independent Grocery Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	13.88	14.38
Operating expenses:		
Employees' salaries	2.70	2.89
Occupancy	2.76	3.30
Delivery	1.01	0.88
Stores Supplies	0.51	0.52
All other expenses	1.03	1.14
Total operating expenses	8.01	8.73
Net operating profit before deduction of proprietors' salaries and income tax	5.87	5.65

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios – Independent Retail Grocery Stores, Yearly Comparison as at December 31st

Item	1948	1950	1952	1954
	(average of firms with net sales \$20,000 and over)			
Current ratio owned	2.65	2.88	3.90	3.30
rented	2.90	2.94	2.97	3.01
Liquidity ratio owned	1	1	1.98	1.64
rented	1	1	1.36	1.37
Working capital to net worth ratio owned	0.43	0.44	0.51	0.44
rented	0.71	0.67	0.64	0.64
Worth debt ratio owned	2.94	2.78	3.36	2.91
rented	2.27	2.22	2.19	2.48
Turnover of total capital employed owned	1	1	3.56	3.24
rented	1	1	5.41	5.59

1. Not available.

Note: See page 6 for definitions.

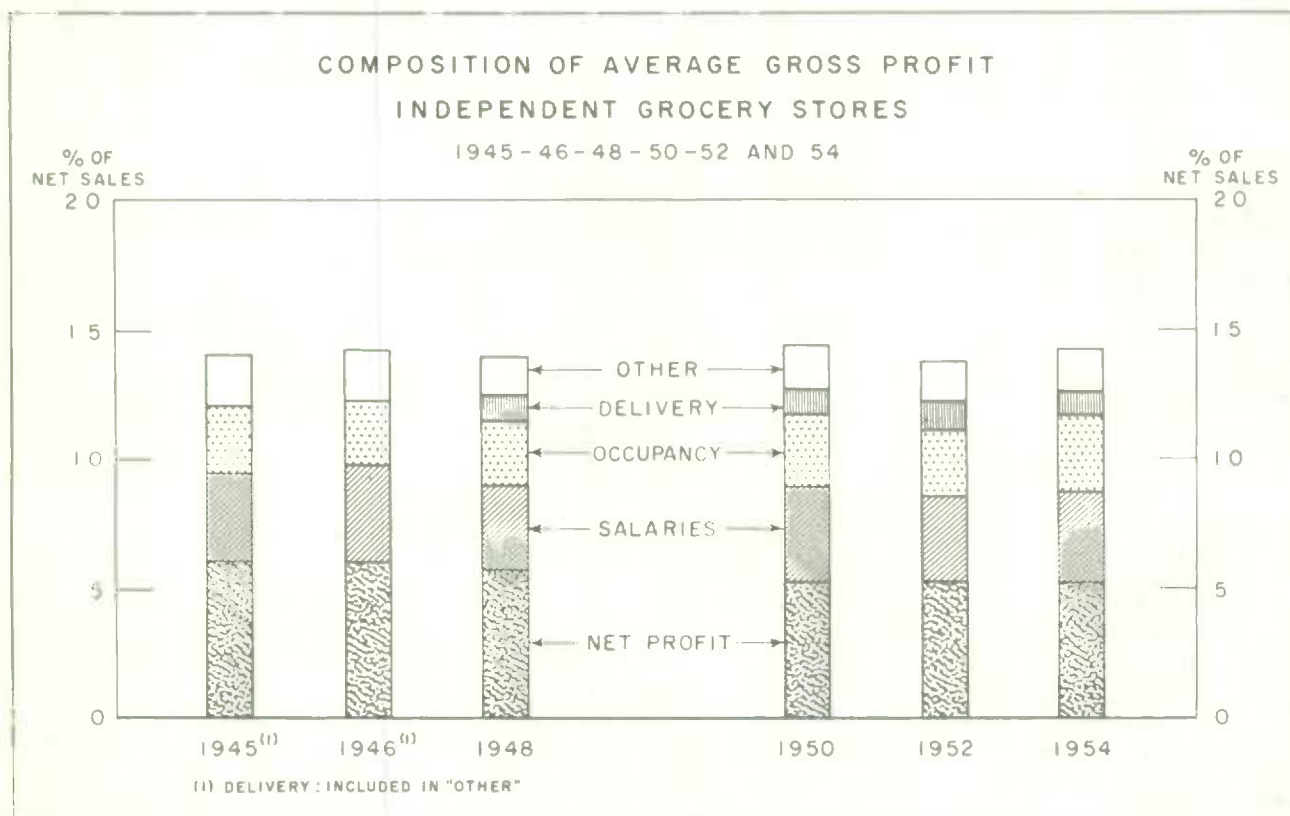


TABLE 1. Independent Grocery Stores — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales of					Rented stores with annual net sales of			
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over
Number of stores reporting	30	77	182	105	25	33	112	99	36
Average net sales per store	\$ 7,044	15,879	33,138	69,049	190,119	15,193	35,414	69,062	154,450
Average beginning inventory	\$ 997	1,783	3,199	5,431	10,856	1,920	2,853	5,159	9,661
Average inventory, end of year	\$ 899	1,857	3,230	5,717	12,349	1,992	2,936	5,314	9,719
Average cost of goods sold	\$ 5,769	13,569	28,569	59,244	164,377	12,507	30,362	59,044	131,543
Stock turnover (times per year)	6.09	7.46	8.89	10.63	14.17	6.39	10.49	11.28	13.58
Profit and Loss Data (per cent of net sales)									
Gross profit	18.10	14.55	13.79	14.20	13.54	17.68	14.27	14.51	14.83
Operating expenses:									
Employees' salaries and wages (except delivery)	0.88	1.47	2.21	3.54	4.79	1.27	2.51	3.93	4.68
Delivery	0.81	0.65	0.86	1.04	0.73	0.95	0.86	0.98	1.04
Occupancy expenses:									
Taxes	1.61	0.91	0.63	0.44	0.35	0.43	0.25	0.21	0.17
Insurance	0.58	0.45	0.33	0.26	0.25	0.27	0.19	0.22	0.16
Rent	—	—	—	—	—	2.87	1.96	1.47	1.29
Heat, light and power	2.31	1.50	0.86	0.61	0.40	1.26	0.74	0.54	0.34
Repairs and maintenance	0.94	0.42	0.48	0.34	0.28	0.35	0.28	0.26	0.22
Depreciation allowances	0.65	0.58	0.85	0.97	0.96	0.36	0.46	0.58	0.51
Total occupancy expenses	6.09	3.86	3.15	2.62	2.24	5.54	3.88	3.28	2.69
Office or store supplies	0.81	0.55	0.51	0.53	0.39	0.53	0.48	0.48	0.63
Advertising	0.03	0.11	0.19	0.29	0.31	0.09	0.14	0.25	0.33
Net loss on bad debts	0.47	0.16	0.11	0.16	0.06	0.17	0.06	0.13	0.13
All other expenses	0.97	0.92	0.80	0.78	0.81	1.01	0.77	0.78	0.60
Total operating expenses	10.06	7.72	7.83	8.96	9.33	9.56	8.70	9.83	10.10
Net operating profit before deduction of proprietors' salaries and income tax	8.04	6.83	5.96	5.24	4.21	8.12	5.57	4.68	4.73

TABLE 2. Independent Grocery Stores — Owned — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank.....	2,210	1,487	1,715	2,059	2,600	2,366	2,141	8,071	4,987	2,252
Accounts and notes receivable (net).....	880	1,220	1,113	2,070	2,844	2,510	4,765	4,372	4,576	1,921
Merchandise inventory.....	2,955	3,355	3,229	5,489	5,594	5,549	9,915	14,987	12,350	4,898
Other current assets	108	485	366	564	1,793	1,262	280	809	534	687
Total current assets	6,153	6,547	6,423	10,182	12,831	11,687	17,101	28,239	22,447	9,758
Fixed assets (net):										
Used in the business.....	5,957	5,552	5,680	10,477	7,962	9,048	22,960	15,542	19,399	8,148
Not used in the business	2,191	1,591	1,780	1,437	2,176	1,857	1,662	948	1,319	1,762
Total fixed assets (net)	8,148	7,143	7,460	11,914	10,138	10,905	24,622	16,490	20,718	9,910
Other assets:										
Long term investments	1,179	413	654	116	761	482	203	4,084	2,066	732
Other assets	268	58	124	263	138	192	794	196	507	184
Total other assets	1,447	471	778	379	899	674	997	4,280	2,573	916
Total assets	15,748	14,161	14,661	22,475	23,868	23,266	42,720	49,009	45,738	20,584
Liabilities										
Current liabilities:										
Accounts and notes payable.....	958	1,562	1,372	4,000	3,017	3,441	11,961	9,020	10,549	2,960
Fixed liabilities:										
Mortgages on fixed assets used in business	2,045	554	1,024	2,956	987	1,837	6,871	384	3,757	1,564
Mortgages on fixed assets not used in business	203	160	173	171	200	188	1,623	904	1,278	285
Total fixed liabilities	2,248	714	1,197	3,127	1,187	2,025	8,494	1,288	5,035	1,849
Other liabilities	118	109	112	321	453	396	4,533	569	2,630	452
Total liabilities	3,324	2,385	2,681	7,448	4,657	5,862	24,988	10,877	18,214	5,261
Net worth: proprietor's or partner's equity in the business	12,424	11,776	11,980	15,027	19,211	17,404	17,732	38,132	27,524	15,323
Total liabilities and net worth.....	15,748	14,161	14,661	22,475	23,868	23,266	42,720	49,009	45,738	20,584
Average net sales of stores reporting.....	33,383	33,493	33,458	69,108	70,367	69,823	161,666	220,944	190,119	60,936
Number of stores reporting.....	46	100	146	38	50	88	13	12	25	259

OPERATING RESULTS AND FINANCIAL STRUCTURE INDEPENDENT RETAIL FOOD STORES K-15

TABLE 3. Independent Grocery Stores - Rented - Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	(average per store)									
Assets										
Current assets:										
Cash on hand and in bank	715	1,221	1,035	2,596	1,921	2,245	4,266	4,900	4,719	2,150
Accounts and notes receivable (net)	537	1,088	885	1,270	1,700	1,493	3,603	3,892	3,809	1,636
Merchandise inventory	2,839	3,118	3,015	5,191	5,231	5,212	8,948	10,142	9,801	5,057
Other current assets	47	138	105	525	502	513	888	1,056	1,008	421
Total current assets	4,138	5,565	5,040	9,582	9,354	9,463	17,705	19,990	19,337	9,264
Fixed assets (net):										
Used in the business	2,132	1,443	1,696	3,305	2,428	2,849	3,988	4,700	4,496	2,633
Not used in the business	847	2,159	1,677	698	1,562	1,147	735	110	289	1,228
Total fixed assets (net)	2,979	3,602	3,373	4,003	3,990	3,996	4,723	4,810	4,785	3,861
Other assets:										
Long term investments	—	286	181	—	269	140	—	1,091	779	272
Other assets	188	130	151	172	224	199	512	610	583	246
Total other assets	188	416	332	172	493	339	512	1,701	1,362	518
Total assets	7,305	9,583	8,745	13,757	13,837	13,798	22,940	26,501	25,484	13,643
Liabilities										
Current liabilities:										
Accounts and notes payable	1,390	1,448	1,426	3,111	2,684	2,889	6,744	7,924	7,587	3,078
Fixed liabilities:										
Mortgages on fixed assets used in business	143	154	150	566	274	415	—	30	21	228
Mortgages on fixed assets not used in business	151	644	463	322	430	377	—	—	—	348
Total fixed liabilities	294	798	613	888	704	792	—	30	21	576
Other liabilities	310	174	224	435	118	270	776	236	391	271
Total liabilities	1,994	2,420	2,263	4,434	3,506	3,951	7,520	8,190	7,999	3,925
Net worth: proprietor's or partner's equity in the business	5,311	7,163	6,482	9,323	10,331	9,847	15,420	18,311	17,485	9,718
Total liabilities and net worth	7,305	9,583	8,745	13,757	13,837	13,798	22,940	26,501	25,484	13,643
Average net sales of stores reporting	35,140	35,341	35,267	71,687	66,073	68,768	139,313	162,378	155,788	69,434
Number of stores reporting	32	55	87	36	39	75	10	25	35	197

Independent Combination Stores

Only retail establishments selling mainly a combination of groceries and fresh meats were used in this report, providing neither one constituted less than 15% of total net sales.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 757 questionnaires were used in the tabulation for the profit and loss averages and ratios (443 owned and 314 rented stores).

Returns on which balance sheet data were properly completed numbered 633. This represents an increase from the number reporting in 1952. Some store classification changes take place between the years which may partly account for this increase. The addition of fresh meats in excess of 15% in a grocery store would automatically classify it under combination store (grocery and meats).

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According

to the 1951 census, they might account for 11% of total combination store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, increased in 1954 to 15.09 per cent from 14.50 per cent; delivery and stores supplies were the only operating expenses showing a decrease. The increase from 10.14 per cent in 1952 to 10.69 in 1954 for operating expenses almost offset the gross profit increase, with the result that the net operating profit showed a slight increase from 4.36 per cent in 1952 to 4.40 per cent in 1954.

A small overall increase in inventories during the year was noticed.

The rate of stock turnover increased according to sales-size for both owned and rented stores.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent combination stores, 1954.

Operating Results of Independent Combination Stores 1952 and 1954 Compared

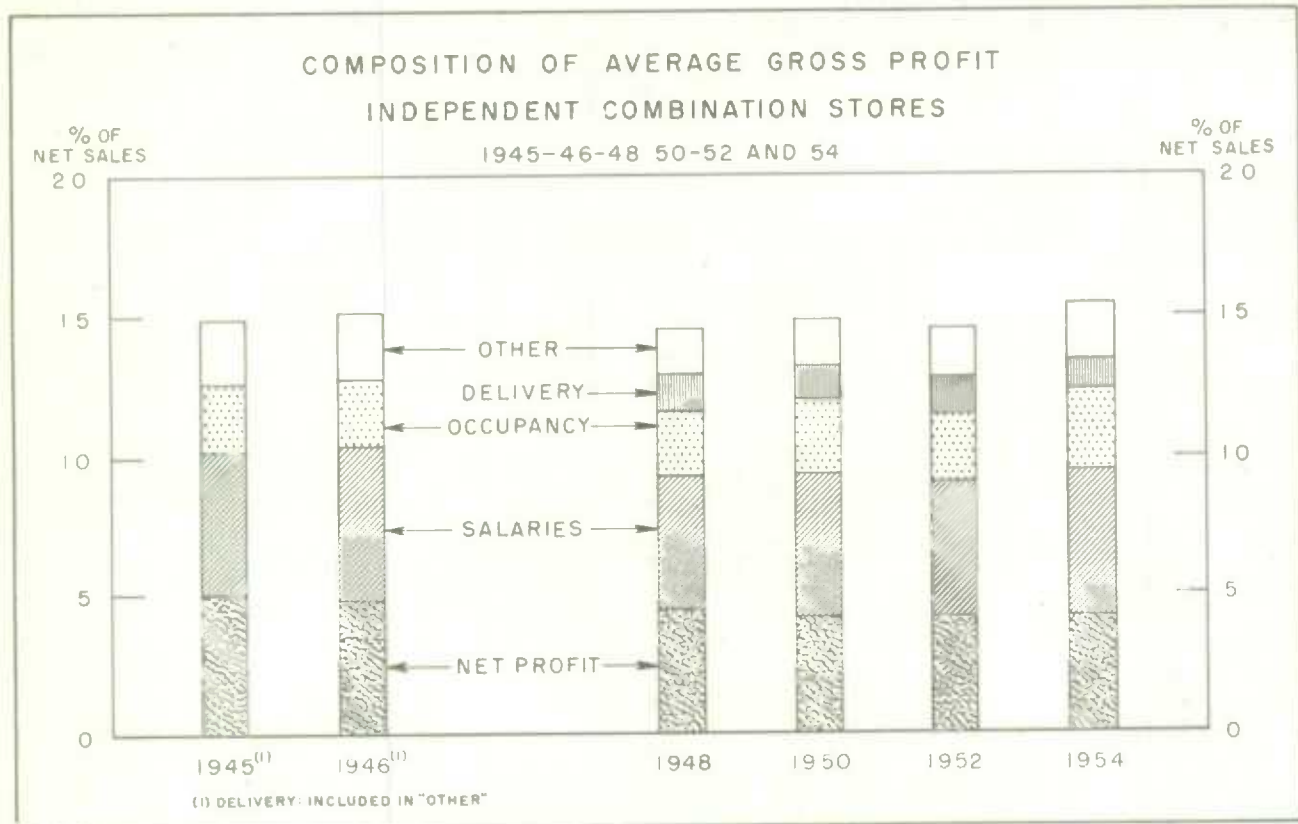
Item	1952	1954
	(per cent of net sales)	
Gross profit	14.50	15.09
Operating expenses:		
Employees' salaries	4.46	4.75
Occupancy	2.56	2.93
Delivery	1.30	1.11
Stores Supplies	0.63	0.61
All other expenses	1.19	1.29
Total operating expenses	10.14	10.69
Net operating profit before deduction of proprietors' salaries and income tax	4.36	4.40

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 or with those shown in historical tables.

Balance Sheet Ratios – Independent Retail Combination Stores, Yearly Comparison Made as at December 31st

Item	1948	1950	1952	1954
	(average of firms with net sales \$20,000 and over)			
Current ratio owned	2. 18	2. 40	2. 68	2. 40
rented	2. 47	2. 33	2. 37	2. 41
Liquidity ratio owned	1	1	1. 43	1. 20
rented	1	1	1. 22	1. 24
Working Capital to net worth ratio owned	0. 36	0. 40	0. 44	0. 41
rented	0. 60	0. 53	0. 53	0. 55
Worth debt ratio owned	2. 56	2. 08	2. 31	1. 90
rented	2. 17	1. 89	1. 67	1. 81
Turnover of total capital employed owned	1	1	4. 00	3. 89
rented	1	1	6. 23	6. 20

1. Not available.

**TABLE 4. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy 1954**

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	37	130	146	126	8	72	111	123
Average net sales per store	\$ 16,029	34,204	74,323	167,066	17,063	34,176	70,714	175,491
Average beginning inventory	\$ 1,659	2,745	5,169	9,484	1,429	2,262	4,263	8,981
Average inventory, end of year	\$ 1,630	2,775	5,245	9,905	1,315	2,054	4,319	9,272
Average cost of goods sold	\$ 13,495	29,283	63,416	142,253	13,817	28,821	59,754	148,001
Stock turnover (times per year)	8.21	10.61	12.25	14.67	10.07	13.36	13.93	16.22
Profit and Loss Data (per cent of net sales)								
Gross profit	13.81	14.39	14.68	14.85	19.02	15.67	15.50	15.66
Operating expenses:								
Employees' salaries and wages (except delivery)	0.53	2.38	4.57	5.98	1.58	3.05	5.12	6.29
Delivery	0.86	1.30	1.17	0.99	1.45	1.00	0.96	1.21
Occupancy expenses:								
Taxes	0.90	0.59	0.40	0.31	0.44	0.38	0.22	0.14
Insurance	0.39	0.28	0.30	0.26	0.68	0.24	0.26	0.23
Rent	—	—	—	—	3.34	1.95	1.36	0.88
Heat, light and power	1.35	0.92	0.62	0.46	1.66	0.74	0.47	0.35
Repairs and maintenance	0.66	0.49	0.40	0.40	0.70	0.37	0.33	0.32
Depreciation allowances	0.87	1.06	0.89	0.96	1.03	0.59	0.54	0.70
Total occupancy expenses	4.17	3.34	2.61	2.39	7.83	4.27	3.18	2.62
Office or store supplies	0.59	0.58	0.55	0.62	0.73	0.58	0.67	0.64
Advertising	0.16	0.14	0.25	0.43	0.31	0.17	0.31	0.37
Net loss on bad debts	0.22	0.09	0.15	0.12	—	0.11	0.09	0.09
All other expenses	1.05	0.90	0.89	0.86	2.06	0.89	0.86	0.83
Total operating expenses	7.58	8.73	10.19	11.39	13.98	10.07	11.19	12.05
Net operating profit before deduction of proprietors' salaries and income tax	8.23	5.66	4.49	3.46	5.04	5.60	4.31	3.61

TABLE 5. Independent Combination Stores — Owned — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,062	1,548	1,383	1,449	2,333	2,028	3,583	3,329	3,405	2,327
Accounts and notes receivable (net)	1,160	1,021	1,068	2,707	2,982	2,887	6,490	4,466	5,075	3,132
Merchandise inventory	3,242	2,759	2,923	5,272	5,337	5,314	10,859	10,321	10,483	6,443
Other current assets	376	403	394	276	1,432	1,033	796	1,712	1,437	991
Total current assets	5,840	5,731	5,788	9,704	12,084	11,262	21,728	19,828	20,400	12,893
Fixed assets (net):										
Used in the business	8,254	5,823	6,648	11,334	7,551	8,858	20,086	15,445	16,841	11,029
Not used in the business	3,277	2,106	2,503	1,705	2,652	2,325	2,619	4,493	3,929	2,941
Total fixed assets (net)	11,531	7,929	9,151	13,039	10,203	11,183	22,705	19,938	20,770	13,970
Other assets:										
Long term investments	54	434	305	70	508	357	581	1,708	1,369	698
Other assets	505	65	215	272	526	438	683	378	470	385
Total other assets	559	499	520	342	1,034	795	1,264	2,086	1,839	1,083
Total assets	17,930	14,159	15,439	23,085	23,321	23,240	45,697	41,852	43,009	27,946
Liabilities										
Current liabilities:										
Accounts and notes payable	1,849	1,548	1,650	3,811	3,745	3,768	11,145	9,612	10,073	5,376
Fixed liabilities:										
Mortgages on fixed assets used in business	2,668	659	1,341	5,602	1,783	3,103	7,226	3,065	4,317	3,022
Mortgages on fixed assets not used in business	536	396	443	919	504	647	2,061	1,082	1,376	645
Total fixed liabilities	3,204	1,055	1,784	6,521	2,287	3,750	9,287	4,147	5,693	3,667
Other liabilities	197	34	90	564	241	353	945	566	680	392
Total liabilities	5,250	2,637	3,324	10,896	6,273	7,871	21,377	14,325	16,446	9,635
Net worth: proprietor's or partner's equity in the business	12,680	11,522	11,915	12,189	17,048	15,369	24,320	27,527	26,563	18,311
Total liabilities and net worth	17,930	14,159	15,439	23,085	23,321	23,240	45,697	41,852	43,009	27,946
Average net sales of stores reporting	35,690	33,429	34,196	71,023	76,097	74,343	189,719	165,387	172,705	97,375
Number of stores reporting	37	72	109	47	89	136	40	93	133	278

TABLE 6. Independent Combination Stores — Rented — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 Years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,051	951	991	1,503	2,035	1,844	3,302	4,226	3,768	2,442
Accounts and notes receivable (net)	716	409	530	1,346	2,381	2,010	3,571	6,543	5,071	2,934
Merchandise inventory	2,010	2,201	2,125	3,846	4,562	4,305	8,609	8,156	8,380	5,487
Other current assets	67	547	357	59	190	143	462	899	683	414
Total current assets	3,844	4,108	4,003	8,754	9,168	8,302	15,944	19,824	17,902	11,277
Fixed assets (net):										
Used in the business	2,544	2,238	2,359	2,923	2,439	2,612	6,742	4,767	5,745	3,845
Not used in the business	1,154	1,334	1,263	1,850	3,492	2,903	3,004	2,257	2,627	2,416
Total fixed assets (net).....	3,698	3,572	3,622	4,773	5,931	5,515	9,746	7,024	8,372	6,261
Other assets:										
Long term investments	217	408	331	203	260	240	635	1,294	968	560
Other assets	298	41	143	259	519	426	1,381	936	1,156	663
Total other assets.....	515	447	474	462	779	666	2,018	2,230	2,124	1,223
Total assets	8,057	8,127	8,099	11,989	15,878	14,483	27,706	29,078	28,398	18,761
Liabilities										
Current liabilities:										
Accounts and notes payable	1,448	925	1,133	2,497	3,535	3,163	7,721	8,178	7,952	4,673
Fixed liabilities:										
Mortgages on fixed assets used in business	708	135	382	137	237	201	1,272	180	721	452
Mortgages on fixed assets not used in business	626	—	248	653	1,775	1,372	1,456	360	902	923
Total fixed liabilities.....	1,334	135	610	790	2,012	1,573	2,728	540	1,623	1,375
Other liabilities.....	61	224	159	292	699	553	1,517	448	978	636
Total liabilities	2,843	1,284	1,902	3,579	8,246	5,289	11,966	9,168	10,553	6,686
Net worth: proprietor's or partner's equity in the business	5,214	6,843	6,197	8,410	9,632	9,194	15,740	19,912	17,845	12,075
Total liabilities and net worth	8,057	8,127	8,099	11,989	15,878	14,483	27,706	29,078	28,398	18,761
Average net sales of stores reporting	36,072	31,457	33,287	69,534	71,460	70,769	159,345	172,101	165,784	101,367
Number of stores reporting.....	23	35	58	33	59	92	52	53	105	255

Independent Meat Markets

Only retail establishments selling mainly fresh meats were used in this report, in which dry groceries did not exceed 15% of total net sales.

Unincorporated "single establishment" or "independent" firms only, are covered. After careful editing, 240 questionnaires were used in the tabulation for the profit and loss averages and ratios (106 owned and 134 rented).

Returns on which balance sheet data were properly completed numbered 189. Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total meat market sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted

ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, increased in 1954 to 18.90 per cent from 17.78 in 1952; increases were registered, in some varying degree, for all operating expenses except delivery. In 1954, total expenses climbed to 12.53 per cent from 11.37 in 1952. The increase in operating expenses offset the increase in gross profit with the result that net operating profit showed a slight decrease in 1954, namely 6.37 per cent against 6.41 per cent in 1952.

Total inventories in 1954 remained almost unchanged between beginning and year end.

The rate of stock turnover was fairly pronounced for owned stores in the sales-size \$50,000 to \$99,999 at 44.18 compared to other sizes which ranged from 25.53 to 30.32 times per year. Rented stores turnover rates showed a gradual increase as sales size increased.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent meat markets, 1954.

Operating Results of Independent Meat Markets 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	17.78	18.90
Operating expenses:		
Employees' salaries	4.90	5.53
Occupancy	2.89	3.37
Delivery	1.51	1.35
Stores Supplies	0.79	0.94
All other expenses	1.28	1.34
Total operating expenses	11.37	12.53
Net operating profit before deduction of proprietors' salaries and income tax	6.41	6.37

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios — Independent Retail Meat Markets, Yearly Comparison Made as at December 31st

Item		1948	1950	1952	1954
(average of firms with net sales \$20,000 and over)					
Current ratio	owned	2.36	2.04	2.76	2.43
	rented	2.13	1.94	2.47	2.33
Liquidity ratio	owned	1	1	2.21	1.88
	rented	1	1	2.00	1.88
Working capital to net worth ratio	owned	0.26	0.26	0.33	0.32
	rented	0.49	0.46	0.56	0.43
Worth debt ratio	owned	3.13	2.22	3.12	2.06
	rented	2.04	1.59	2.15	2.11
Turnover of total capital employed	owned	1	1	3.92	3.99
	rented	1	1	7.53	6.58

1. Not available.

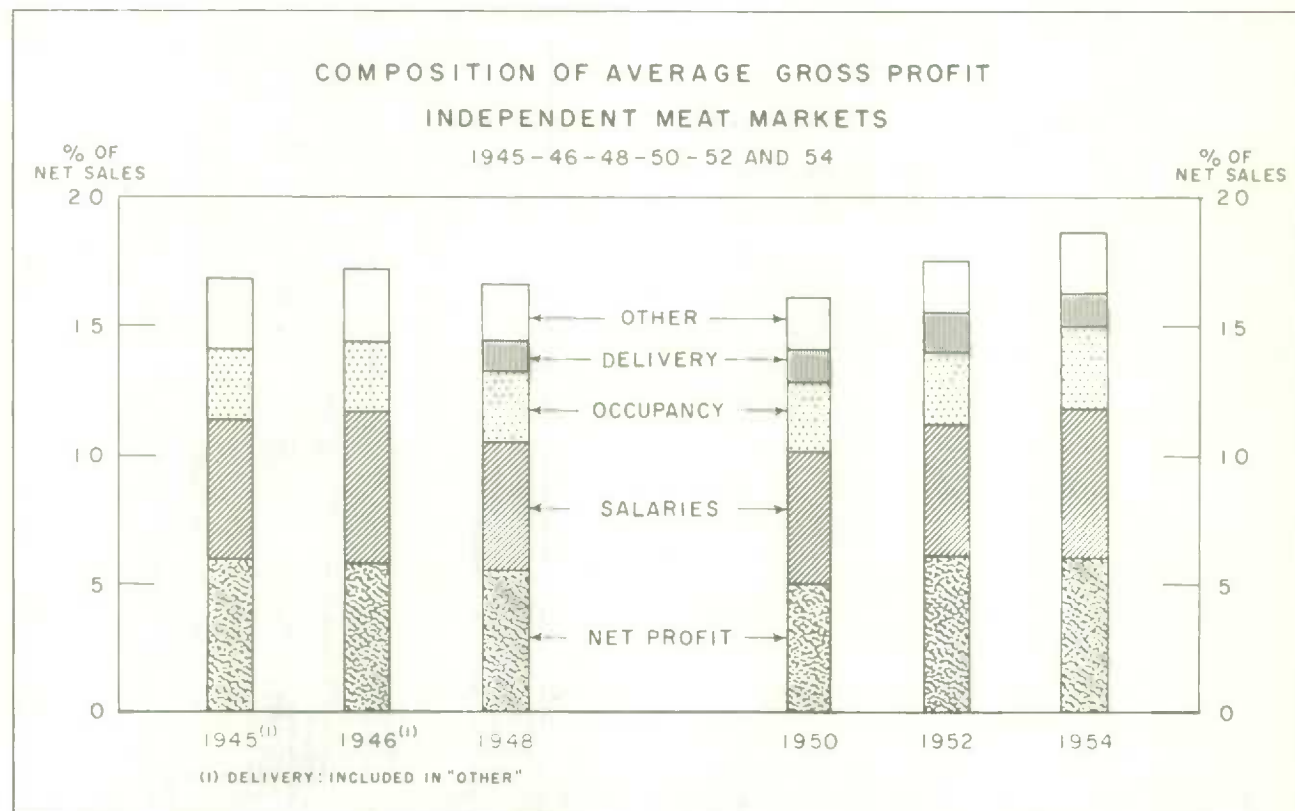


TABLE 7. Independent Meat Markets - Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales				Rented stores with annual net sales			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	20	36	29	21	14	41	43	36
Average net sales per store	\$ 15,458	35,851	72,468	162,510	16,077	34,957	69,388	166,844
Average beginning inventory.....	\$ 444	1,112	1,368	4,565	456	878	1,195	2,366
Average inventory, end of year.....	\$ 460	1,176	1,255	4,203	376	765	1,361	2,581
Average cost of goods sold.....	\$ 12,072	29,209	57,939	132,911	12,866	27,919	56,131	137,601
Stock turnover (times per year).....	26.71	25.53	44.18	30.32	30.93	33.99	43.92	55.63
Profit and Loss Data (per cent of net sales)								
Gross profit	21.91	18.53	20.04	18.21	19.97	20.13	19.10	17.53
Operating expenses:								
Employees' salaries and wages (except delivery).....	2.50	3.94	7.31	6.16	2.46	3.35	5.50	6.58
Delivery	2.41	1.44	1.08	1.26	1.52	1.27	1.41	1.36
Occupancy expenses:								
Taxes	0.81	0.66	0.46	0.40	0.30	0.24	0.23	0.13
Insurance	0.43	0.39	0.28	0.26	0.13	0.20	0.20	0.18
Rent	—	—	—	—	2.50	1.85	1.53	0.97
Heat, light and power.....	1.36	1.15	0.53	0.60	1.04	0.79	0.56	0.31
Repairs and maintenance	0.76	0.72	0.55	0.53	0.36	0.53	0.45	0.40
Depreciation allowances	0.97	1.12	0.97	1.11	0.78	0.95	0.73	0.60
Total occupancy expenses	4.33	4.04	2.79	2.90	5.11	4.56	3.70	2.59
Office or store supplies	0.82	0.87	0.90	1.13	0.88	0.88	0.87	0.97
Advertising	0.11	0.23	0.16	0.29	0.18	0.12	0.18	0.17
Net loss on bad debts	0.01	0.09	0.13	0.01	0.03	0.04	0.07	0.10
All other expenses	0.89	1.42	1.03	1.36	1.60	0.95	1.10	0.80
Total operating expenses	11.07	12.03	13.40	13.11	11.78	11.17	12.83	12.57
Net operating profit before deduction of proprietors' salaries and income tax.....	10.84	6.50	6.64	5.10	8.19	8.96	6.27	4.96

TABLE 8. Independent Meat Markets - Owned - Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000- \$99,000	\$100,000 and over			
	Under 10 years	10 years and over	Total	Total	Under 10 years	10 years and over	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank.....	976	1,853	1,552	4,487	3,731	3,653	3,679	3,101
Accounts and notes receivable (net)	616	1,340	1,091	2,385	2,639	4,159	3,653	2,200
Merchandise inventory.....	820	1,353	1,170	1,254	2,692	4,962	4,205	1,995
Other current assets	501	745	661	2,200	63	2,185	1,477	1,395
Total current assets	2,913	5,291	4,474	10,326	9,125	14,959	13,014	8,691
Fixed assets (net):								
Used in the business	10,530	4,869	6,815	9,560	14,791	17,561	16,638	10,320
Not used in the business	3,160	3,707	3,519	1,301	10,390	4,225	6,280	3,496
Total fixed assets (net)	13,690	8,576	10,334	10,861	25,181	21,786	22,918	13,816
Other assets:								
Long term investments	—	4	3	113	714	4,568	3,283	901
Other assets	82	1,812	1,217	—	—	272	182	534
Total other assets	82	1,816	1,220	113	714	4,840	3,465	1,435
Total assets	16,685	15,683	16,028	21,300	35,020	41,583	39,397	23,942
Liabilities								
Current liabilities:								
Accounts and notes payable.....	1,700	1,539	1,594	2,467	5,250	9,367	7,995	3,569
Fixed liabilities:								
Mortgages on fixed assets used in business	5,059	2,078	3,103	1,548	4,432	3,307	3,682	2,730
Mortgages on fixed assets not used in business	127	1,348	928	538	3,414	357	1,376	914
Total fixed liabilities	5,186	3,426	4,031	2,086	7,846	3,664	5,058	3,644
Other liabilities	741	450	551	604	286	855	665	599
Total liabilities	7,627	5,415	6,176	5,157	13,382	13,886	13,718	7,812
Net worth: proprietor's or partner's equity in the business	9,058	10,268	9,852	16,143	21,638	27,699	25,679	16,130
Total liabilities and net worth.....	16,685	15,683	16,028	21,300	35,020	41,583	39,397	23,942
Average net sales of stores reporting.....	35,386	36,335	36,009	72,824	122,930	182,300	162,510	81,641
Number of stores reporting	11	21	32	27	7	14	21	80

TABLE 9. Independent Meat Markets — Rented — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,414	1,507	1,462	1,993	2,335	2,436	1,845	7,578	5,667	3,191
Accounts and notes receivable (net)	919	615	762	2,127	1,703	1,904	4,498	5,366	5,077	2,585
Merchandise inventory	815	676	744	1,619	1,241	1,420	2,643	2,572	2,596	1,591
Other current assets	489	526	508	78	278	183	763	2,404	1,857	840
Total current assets	3,637	3,324	3,476	5,817	6,057	5,943	9,749	17,920	15,197	8,207
Fixed assets (net):										
Used in the business	3,566	2,035	2,778	4,279	2,945	3,577	8,066	8,227	8,173	4,839
Not used in the business	88	1,717	926	597	3,133	1,932	3,145	3,790	3,575	2,151
Total fixed assets (net)	3,654	3,752	3,704	4,876	6,078	5,509	11,211	12,017	11,748	6,990
Other assets:										
Long term investments	—	144	74	—	—	—	811	1,331	1,158	406
Other assets	55	115	86	60	150	107	2,587	156	966	384
Total other assets	55	259	160	60	150	107	3,398	1,487	2,124	790
Total assets	7,346	7,335	7,340	10,753	12,285	11,559	24,358	31,424	29,069	15,987
Liabilities										
Current liabilities:										
Accounts and notes payable	1,129	603	859	3,131	2,860	2,988	6,445	6,762	6,658	3,515
Fixed liabilities:										
Mortgages on fixed assets used in business	1,082	240	649	219	441	336	1,000	1,117	1,078	682
Mortgages on fixed assets not used in business	—	388	199	—	603	317	—	1,223	815	444
Total fixed liabilities	1,082	628	848	219	1,044	653	1,000	2,340	1,893	1,126
Other liabilities	14	240	130	42	366	213	1,973	772	1,172	503
Total liabilities	2,225	1,471	1,837	3,392	4,270	3,854	9,418	9,874	9,721	5,144
Net worth: proprietor's or partner's equity in the business	5,121	5,864	5,503	7,361	8,015	7,705	14,940	21,550	19,348	10,843
Total liabilities and net worth	7,346	7,335	7,340	10,753	12,285	11,559	24,358	31,424	29,069	15,987
Average net sales of stores reporting	34,562	35,759	35,178	72,555	68,965	70,665	148,312	176,110	166,844	91,036
Number of stores reporting	17	18	35	18	20	38	12	24	36	109

Independent Fruit and Vegetable Stores

Retail establishments selling mainly fresh fruits and fresh vegetables were used in this report, providing they constituted at least 50% of total net sales. Stores selling a combination of fruits, vegetables and groceries and other items were also included but fruits and vegetables had to predominate.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 173 questionnaires were used in the tabulation for the profit and loss averages and ratios (67 owned and 106 rented stores).

Returns on which balance sheet data were properly completed numbered 96. Tabulation of

balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business is presented.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores was generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total fruit and vegetable store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts, do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of net sales increased in 1954 to 18.42 per cent from 17.74 per cent for 1952. Increases were registered, in some varying degree, for all operating expenses except store supplies. In 1954, total expenses climbed to 12.47 per cent from 11.50 for 1952. The increase in operating expenses more than offset the increase in the gross profit, with the result that net operating profit showed a decrease from 6.24 per cent in 1952 down to 5.95 per cent in 1954.

Inventories for owned stores during the year for all sales-sizes showed noticeable increases compared to rented stores where noticeable decreases were experienced.

The rate of stock turnover progressively increased according to sales-sizes for both owned and rented stores.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent fruit and vegetable stores, 1954.

Operating Results of Independent Fruit and Vegetable Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	17.74	18.42
Operating Expenses:		
Employees' salaries	3.79	4.35
Occupancy	4.01	4.46
Delivery	1.42	1.46
Store Supplies	1.21	1.06
All other expenses	1.07	1.14
Total operating expenses	11.50	12.47
Net operating profit before deduction of proprietors' salaries and income tax	6.24	5.95

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios - Independent Retail Fruit and Vegetable Stores, Yearly Comparison Made as at December 31st

Item	1948	1950	1952	1954
	(average of firms with net sales \$20,000 and over)			
Current ratio				
owned	2.45	4.12	5.27	2.80
rented	2.84	2.46	2.69	2.66
Liquidity ratio				
owned	1	1	3.21	1.75
rented	1	1	1.36	1.17
Working capital to net worth ratio				
owned	0.24	0.31	0.36	0.28
rented	0.63	0.43	0.55	0.55
Worth debt ratio				
owned	3.33	4.55	4.76	3.21
rented	2.63	2.56	2.64	2.36
Turnover of total capital employed				
owned	1	1	4.10	3.95
rented	1	1	6.23	7.46

1. Not available.

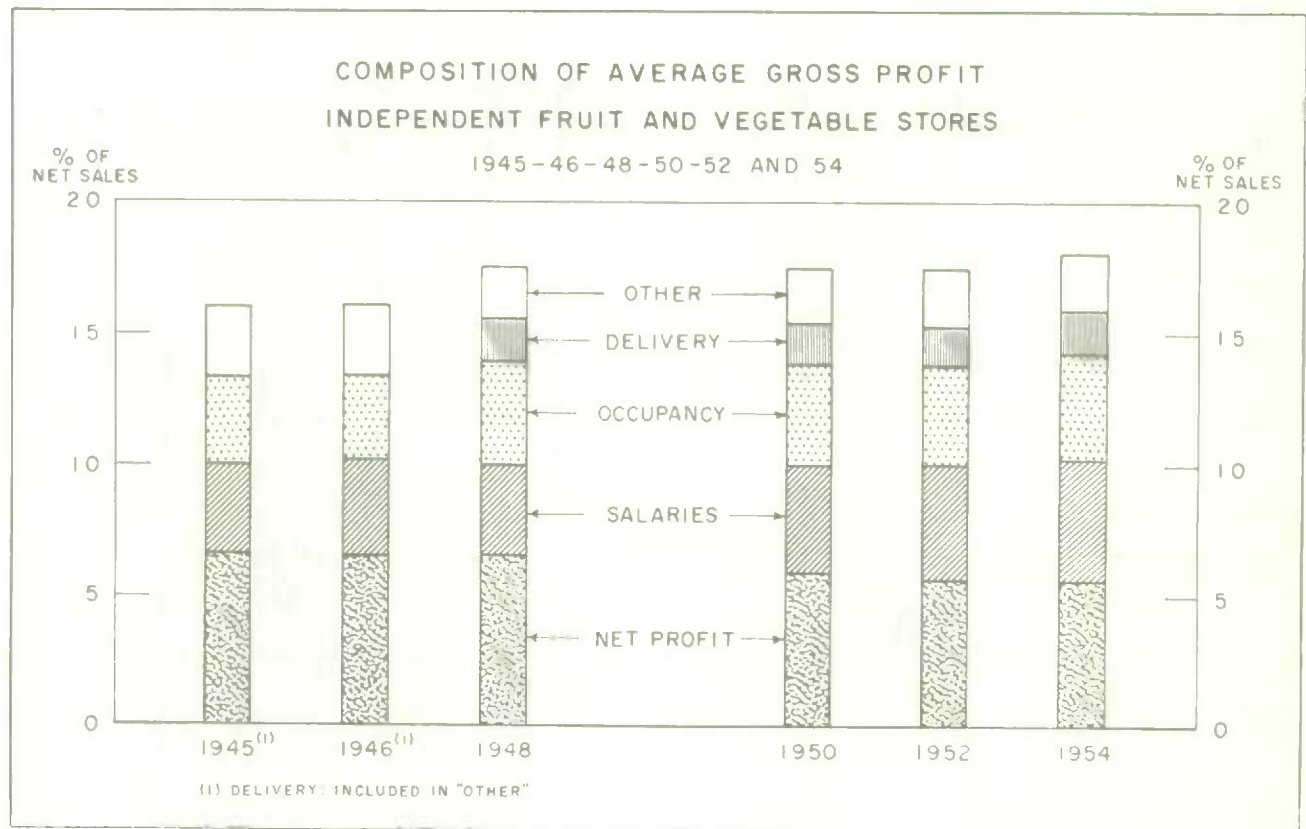


TABLE 10. Independent Fruit and Vegetable Stores - Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales				Rented stores with annual net sales			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	14	28	12	7	12	39	40	11
Average net sales per store	\$ 16,086	30,774	72,526	169,990	16,000	34,774	70,307	123,791
Average beginning inventory	\$ 773	1,467	3,148	3,507	1,333	2,360	3,441	4,225
Average inventory, end of year	\$ 811	1,542	3,492	3,707	1,293	2,341	3,419	3,956
Average cost of goods sold	\$ 12,283	25,445	61,845	141,694	12,342	27,821	57,551	100,883
Stock turnover	15.51	16.91	18.63	39.28	9.40	11.84	16.78	24.66
Profit and Loss Data (per cent of net sales)								
Gross profit	23.64	17.32	14.73	16.65*	22.86	20.00	18.14	18.51
Operating expenses:								
Employees' salaries and wages (except delivery)	3.91	3.40	4.36	4.92	2.72	3.76	5.04	6.09
Delivery	1.58	1.76	1.14	3.04	0.93	1.23	1.28	1.49
Occupancy expenses:								
Taxes	2.07	1.06	0.57	0.30	0.38	0.32	0.19	0.17
Insurance	0.50	0.33	0.33	0.21	0.31	0.32	0.31	0.26
Rent	—	—	—	—	5.72	3.30	2.55	2.14
Heat, light and power	1.20	0.73	0.68	0.39	1.06	0.75	0.55	0.48
Repairs and maintenance	0.53	0.55	0.45	0.33	0.48	0.44	0.25	0.33
Depreciation allowances	1.02	0.84	1.07	0.71	1.09	0.40	0.52	0.51
Total occupancy expenses	5.32	3.51	3.10	1.94	9.04	5.53	4.37	3.89
Office or store supplies	1.27	1.07	0.84	1.41	0.82	1.18	0.93	1.07
Advertising	0.24	0.07	0.23	0.10	0.05	0.14	0.08	0.17
Net loss on bad debts	—	—	0.01	0.20	—	—	—	—
All other expenses	1.92	1.01	0.87	0.85	1.21	1.12	0.87	0.77
Total operating expenses	14.24	10.82	10.55	12.46	14.77	12.96	12.57	13.48
Net operating profit before deduction of proprietors' salaries and income tax	9.40	6.50	4.18	4.19	8.09	7.04	5.57	5.03

TABLE 11. Independent Fruit and Vegetable Stores—Owned—Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales			Total all sizes \$20,000 and over
	\$20,000— \$49,999	\$50,000— \$99,999	\$100,000 and over	
	(average per store)			
Assets				
Current assets:				
Cash on hand and in bank.....	1,843	1,563	5,452	2,435
Accounts and notes receivable (net).....	149	536	3,652	896
Merchandise inventory.....	1,555	3,346	3,681	2,417
Other current assets.....	1,022	501	120	719
Total current assets	4,569	5,946	12,905	6,467
Fixed assets (net):				
Used in the business.....	7,180	9,939	17,896	9,880
Not used in the business.....	2,894	167	3,884	2,359
Total fixed assets (net)	10,074	10,106	21,780	12,239
Other assets:				
Long term investments.....	38	—	2,279	44
Other assets.....	470	—	714	391
Total other assets	508	—	2,993	832
Total assets	15,151	16,052	37,678	19,538
Liabilities				
Current liabilities:				
Accounts and notes payable.....	663	2,205	7,407	2,311
Fixed liabilities:				
Mortgages on fixed assets used in business.....	1,270	1,163	1,993	1,375
Mortgages on fixed assets not used in business.....	1,006	42	—	567
Total fixed liabilities	2,276	1,205	1,993	1,942
Other liabilities.....	155	1,139	—	386
Total liabilities	3,094	4,549	9,400	4,639
Net worth, proprietor's or partner's equity in the business.....	12,057	11,503	28,278	14,899
Total liabilities and net worth	15,151	16,052	37,678	19,538
Average net sales of stores reporting.....	31,011	73,653	169,990	67,834
Number of stores reporting.....	21	10	7	38

TABLE 12. Independent Fruit and Vegetable Stores—Rented—Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales						\$100,000 and over	Total all sizes \$20,000 and over
	\$20,000—\$49,999			\$50,000—\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank	825	757	789	1,705	1,270	1,472	4,431	1,684
Accounts and notes receivable (net)	218	98	155	386	590	496	1,245	489
Merchandise inventory	2,369	2,266	2,316	3,161	3,670	3,433	4,297	3,162
Other current assets	—	—	—	863	358	593	122	305
Total current assets	3,412	3,121	3,260	6,115	5,888	5,994	10,095	5,640
Fixed assets (net):								
Used in the business	1,739	1,188	1,450	3,354	3,490	3,427	3,458	2,716
Not used in the business	—	212	111	—	967	517	—	290
Total fixed assets (net)	1,739	1,400	1,561	3,354	4,457	3,944	3,458	3,006
Other assets:								
Long term investments	—	—	—	154	—	71	295	80
Other assets	534	—	254	1,387	1	645	—	404
Total other assets	534	—	254	1,541	1	716	295	484
Total assets	5,685	4,521	5,075	11,010	10,346	10,654	13,848	9,130
Liabilities								
Current liabilities:								
Accounts and notes payable	1,231	962	1,090	2,048	2,801	2,452	3,517	2,124
Fixed liabilities:								
Mortgages on fixed assets used in business	66	—	31	354	311	331	—	171
Mortgages on fixed assets not used in business	—	—	—	—	181	97	—	47
Total fixed liabilities	66	—	31	354	492	428	—	218
Other liabilities	359	213	283	892	279	563	7	375
Total liabilities	1,656	1,175	1,404	3,294	3,572	3,443	3,524	2,717
Net worth, proprietor's or partner's equity in the business	4,029	3,346	3,671	7,716	6,774	7,211	10,324	6,413
Total liabilities and net worth	5,685	4,521	5,075	11,010	10,346	10,654	13,848	9,130
Average net sales of stores reporting	31,449	37,762	34,756	70,447	72,163	71,366	121,916	65,955
Number of stores reporting	10	11	21	13	15	28	9	58

Independent Confectionery Stores

Retail establishments selling mainly candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50% of total net sales, were used in this report. Other items sold such as light lunches should not constitute more than 40% of total net sales nor should sales of groceries and fresh fruits and vegetables.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 197 questionnaires were used in the tabulation for the profit and loss averages and ratios (93 owned and 104 rented stores).

Returns on which balance sheet data were properly completed numbered 99. Tabulation of balance sheet data was made on a sales-size range basis, and, where possible, a further breakdown by number of years in business is presented.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores was generally better than that from smaller ones. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total confectionery store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, decreased in 1954 to 17.57 per cent from 18.93 in 1952; decreases were registered for all operating expenses except for occupancy. In 1954, total expenses dropped to 10.23 per cent from 10.93 per cent in 1952. The decrease in operating expenses cut the loss in gross profit by almost half, with the net operating profit showing a decrease from 8.00 per cent in 1952 to 7.34 per cent in 1954.

A slight increase in inventory for total owned and rented stores was noticed for the year 1954.

The rate of stock turnover increased with the sales size for rented stores, owned stores did the same except for sales-size \$10,000-\$19,999.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent confectionery stores, 1954.

Operating Results of Independent Confectionery Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	18.93	17.57
Operating expenses:		
Employees' salaries	3.60	2.79
Occupancy	5.32	5.60
Delivery	0.24	0.20
Stores Supplies	0.52	0.43
All other expenses	1.25	1.21
Total operating expenses	10.93	10.23
Net operating profit before deduction of proprietors' salaries and income tax	8.00	7.34

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios – Independent Retail Confectionery Stores, Yearly Comparison Made as at December 31st.

Item	1948	1950	1952	1954
(average of firms with net sales \$20,000 and over)				
Current ratio owned	3.28	2.34	2.74	2.54
rented	2.93	3.37	3.43	2.18
Liquidity ratio owned	1	1	1.17	1.07
rented	1	1	1.77	0.93
Working capital to net worth ratio owned	0.42	0.35	0.28	0.28
rented	0.59	0.60	0.47	0.41
Worth debt ratio owned	2.70	1.96	2.49	2.92
rented	2.70	3.23	2.64	1.95
Turnover of total capital employed owned	1	1	3.04	3.02
rented	1	1	5.40	6.41

1. Not available.

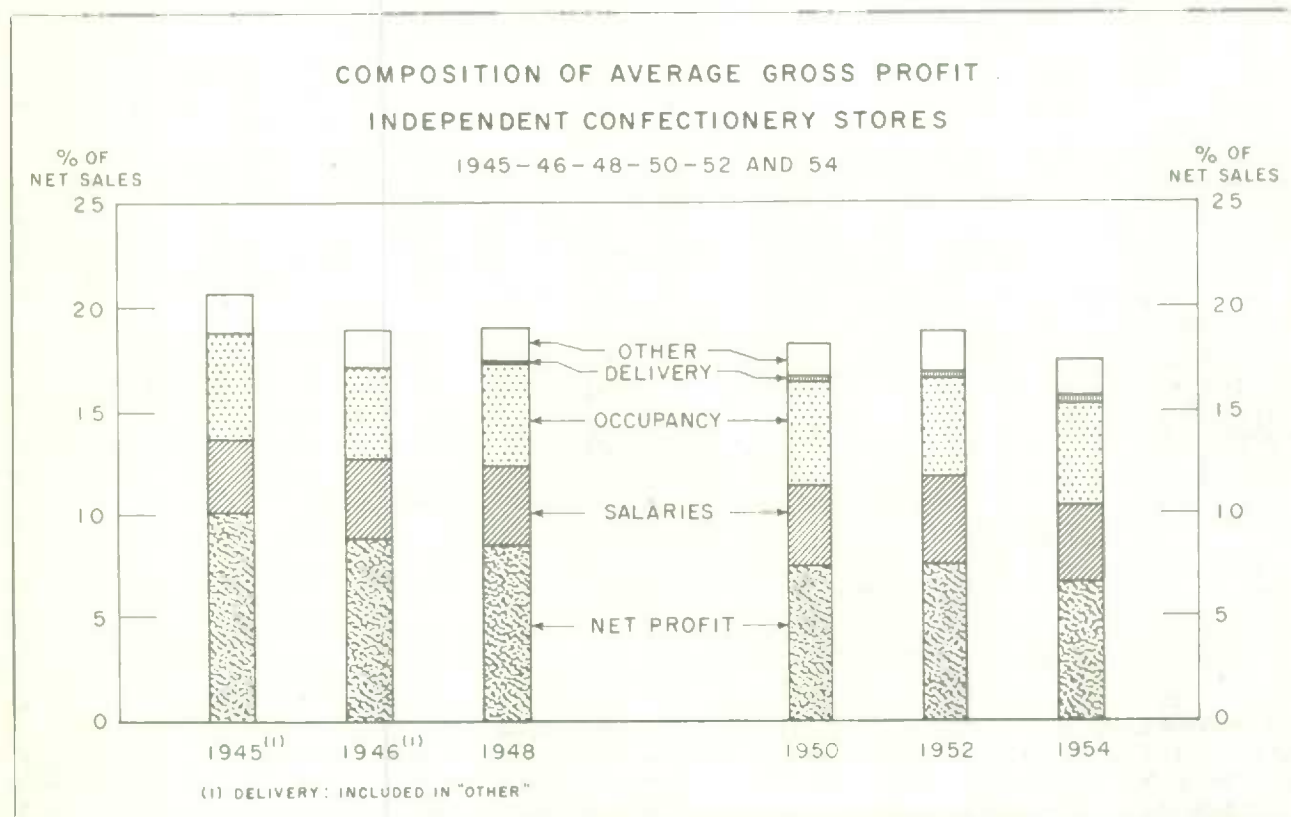


TABLE 13. Independent Confectionery Stores — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales				Rented stores with annual net sales			
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999
Number of stores reporting.....	17	19	38	19	9	33	41	21
Average net sales per store..... \$	7,133	14,432	33,051	62,873	7,290	15,471	32,447	67,728
Average beginning inventory..... \$	759	1,838	2,437	3,727	1,347	1,108	2,102	3,478
Average inventory, end of year..... \$	746	1,807	2,596	3,602	1,184	1,140	2,008	3,742
Average cost of goods sold..... \$	6,040	12,119	27,829	52,873	5,896	12,048	26,672	55,183
Stock turnover.....	8.03	6.65	11.06	14.43	4.66	10.72	12.98	15.29
Profit and Loss Data (per cent of net sales)								
Gross profit.....	15.33	16.03	15.80	15.90	19.11	22.13	17.80	18.52
Operating expenses:								
Employees' salaries and wages (except delivery)....	—	2.54	3.05	4.37	0.51	2.46	2.83	5.63
Delivery.....	0.11	0.25	0.25	0.43	0.03	0.16	0.14	0.21
Occupancy expenses:								
Taxes.....	1.48	1.28	0.68	0.78	0.62	0.58	0.30	0.27
Insurance.....	0.75	0.70	0.36	0.42	0.11	0.34	0.20	0.29
Rent.....	—	—	—	—	6.07	4.47	2.82	1.85
Heat, light and power.....	2.71	2.26	1.03	1.07	2.39	1.77	0.92	0.84
Repairs and maintenance.....	0.84	0.62	0.57	0.84	0.53	0.46	0.51	0.46
Depreciation allowances.....	1.04	1.02	0.77	1.57	0.21	0.51	0.70	1.03
Total occupancy expenses.....	6.82	5.88	3.41	4.68	9.93	8.13	5.45	4.74
Office or store supplies.....	0.34	0.44	0.46	0.48	0.43	0.30	0.48	0.46
Advertising.....	0.09	0.13	0.21	0.31	—	0.04	0.16	0.18
Net loss on bad debts.....	0.13	0.09	0.05	0.02	—	0.06	0.11	—
All other expenses.....	0.94	1.00	1.15	1.12	0.86	0.80	0.88	1.24
Total operating expenses.....	8.43	10.33	8.58	11.41	11.76	11.95	10.05	12.46
Net operating profit before deduction of proprietors' salaries and income tax.....	6.90	5.70	7.22	4.49	7.35	10.18	7.75	6.06

TABLE 14. Independent Confectionery Stores — Owned — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales						Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)							
Assets							
Current assets:							
Cash on hand and in bank.....	579	1,929	1,447	1,057	1,440	1,237	1,368
Accounts and notes receivable (net).....	26	304	204	691	209	464	302
Merchandise inventory.....	2,747	2,706	2,721	4,000	3,233	3,639	3,068
Other current assets.....	238	1,018	740	34	580	291	570
Total current assets	3,590	5,957	5,112	5,782	5,462	5,631	5,308
Fixed assets (net):							
Used in the business.....	8,382	8,032	8,157	12,401	7,182	9,945	8,832
Not used in the business.....	640	1,137	959	—	375	176	664
Total fixed assets (net)	9,022	9,169	9,118	12,401	7,557	10,121	9,496
Other assets:							
Long term investments	—	515	331	—	19	9	210
Other assets	77	867	585	52	—	28	374
Total other assets	77	1,382	916	52	19	37	584
Total assets	12,689	16,508	15,144	18,235	13,038	15,789	15,388
Liabilities							
Current liabilities:							
Accounts and notes payable.....	1,050	1,133	1,103	3,620	3,805	3,707	2,087
Fixed liabilities:							
Mortgages on fixed assets used in business	1,504	—	537	2,732	2,274	2,516	1,285
Mortgages on fixed assets not used in business.....	292	—	105	—	384	181	133
Total fixed liabilities	1,796	—	642	2,732	2,658	2,697	1,418
Other liabilities	443	433	436	635	100	383	416
Total liabilities	3,289	1,566	2,181	6,987	6,563	6,787	3,921
Net worth; proprietor's or partner's equity in the business	9,400	14,942	12,963	11,248	6,475	9,002	11,467
Total liabilities and net worth	12,689	16,508	15,144	18,235	13,038	15,789	15,388
Average net sales of stores reporting.....	32,819	34,815	34,102	66,708	55,937	61,639	44,508
Number of stores reporting.....	10	18	28	9	8	17	15

TABLE 15. Independent Confectionery Stores — Rented — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales						Total all sizes \$20,000 and over
	\$20,000—\$49,999			\$50,000—\$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	(average per store)						
Assets							
Current assets:							
Cash on hand and in bank	779	1,140	896	1,649	2,995	2,120	1,349
Accounts and notes receivable (net)	336	248	307	574	162	430	353
Merchandise inventory	1,796	2,462	2,012	3,484	2,986	3,310	2,492
Other current assets	7	442	148	173	79	140	145
Total current assets	2,918	4,292	3,363	5,880	6,222	6,000	4,339
Fixed assets (net):							
Used in the business	1,777	608	1,398	2,983	3,706	3,236	2,079
Not used in the business	256	4,378	1,590	180	2,857	1,117	1,415
Total fixed assets (net)	2,033	4,986	2,988	3,163	6,563	4,353	3,494
Other assets:							
Long term investments	—	186	60	—	—	—	38
Other assets	753	263	594	1,437	172	994	742
Total other assets	753	449	654	1,437	172	994	780
Total assets	5,704	9,727	7,005	10,480	12,957	11,347	8,613
Liabilities							
Current liabilities:							
Accounts and notes payable	1,618	1,957	1,728	2,575	2,193	2,441	1,992
Fixed liabilities:							
Mortgages on fixed assets used in business	835	—	565	67	392	181	423
Mortgages on fixed assets not used in business	270	1,732	743	—	—	—	467
Total fixed liabilities	1,105	1,732	1,308	67	392	181	890
Other liabilities	40	58	45	20	—	13	34
Total liabilities	2,763	3,747	3,081	2,662	2,585	2,635	2,916
Net worth; proprietor's or partner's equity in the business	2,941	5,980	3,924	7,818	10,372	8,712	5,697
Total liabilities and net worth	5,704	9,727	7,005	10,480	12,957	11,347	8,613
Average net sales of stores reporting	32,647	35,866	33,688	64,186	73,352	67,394	46,172
Number of stores reporting	23	11	34	13	7	20	54



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